

House Study Bill 653

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON HOFFMAN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to moneys and tax credits for economic
2 development.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 6375YC 80
5 tm/sh/8

PAG LIN

1 1 Section 1. Section 15.109, subsection 2, Code 2003, is
1 2 amended to read as follows:
1 3 2. Apply for, receive, administer, and use federal or
1 4 other funds available for achieving the purposes of this
1 5 chapter. For purposes of this subsection, the term "federal
1 6 funds" includes federal tax credits, grants, or other economic
1 7 benefits allocated or provided by the United States government
1 8 to encourage investment in low-income or other specified areas
1 9 or to otherwise promote economic development. The department
1 10 may enter into an agreement pursuant to chapter 28E, or any
1 11 other agreement, with a person, including for-profit and
1 12 nonprofit legal entities, in order to directly or indirectly
1 13 apply for, receive, administer, and use federal funds. As
1 14 part of such agreements and in furtherance of this public
1 15 purpose and in addition to powers and duties conferred under
1 16 other provisions of law, the department may, including for or
1 17 on behalf of for-profit or nonprofit legal entities, appoint,
1 18 remove, and replace board members and advisors; provide
1 19 oversight; make its personnel and resources available to
1 20 perform administrative, management, and compliance functions;
1 21 coordinate investments; and engage in other acts as reasonable
1 22 and necessary to encourage investment in low-income or other
1 23 areas or to promote economic development. The department,
1 24 including department officials and employees in their official
1 25 and personal capacities, are immune from liability for all
1 26 acts or omissions under this subsection.

1 27 Sec. 2. Section 15E.43, subsection 4, Code Supplement
1 28 2003, is amended to read as follows:
1 29 4. The aggregate amount of tax credits issued pursuant to
1 30 this division shall not exceed a total of ten million dollars.
1 31 The total amount of tax credits issued during the fiscal year
1 32 beginning July 1, 2002, shall not exceed three million
1 33 dollars. The total amount of tax credits issued during the
1 34 fiscal year beginning July 1, 2003, shall not exceed three
1 35 million dollars. The total amount of tax credits issued
2 1 during the fiscal year beginning July 1, 2004, shall not
2 2 exceed four million dollars. If the total amount of tax
2 3 credits allowed for a particular fiscal year are not issued,
2 4 any remaining amount may be issued in succeeding years. Tax
2 5 credits shall not be issued pursuant to this division after
2 6 June 30, 2008.

2 7 Sec. 3. Section 15E.65, subsection 2, paragraph c, Code
2 8 2003, is amended to read as follows:
2 9 c. The Iowa fund of funds shall establish and administer a
2 10 program to provide loan guarantees and other related credit
2 11 enhancements on loans to rural and small business borrowers
2 12 within the state of Iowa, including rural small business
2 13 investment companies formed under the federal Farm Security
2 14 and Rural Investment Act of 2002, Pub. L. No. 107-171. The
2 15 Iowa fund of funds shall invest five percent of its assets in
2 16 investments for this program.

EXPLANATION

2 17 This bill relates to moneys and tax credits for economic
2 18 development.

2 19 The bill provides that the department of economic
2 20 development may enter into an agreement pursuant to Code
2 21 chapter 28E, or any other agreement, with a person, including

2 23 for=profit and nonprofit legal entities, in order to directly
2 24 or indirectly apply for, receive, administer, and use certain
2 25 federal funds. The bill provides for powers and duties that
2 26 the department may exercise under such agreements. The bill
2 27 provides that the department, including department officials
2 28 and employees in their official and personal capacities, are
2 29 immune from liability for all acts or omissions under such
2 30 agreements.

2 31 The bill provides that the Iowa fund of funds, as part of a
2 32 program to provide loan guarantees and other related credit
2 33 enhancements on loans to rural and small business borrowers
2 34 within the state of Iowa, may provide such financial
2 35 assistance to rural small business investment companies formed
3 1 under the federal Farm Security and Rural Investment Act of
3 2 2002.

3 3 The bill extends the number of years in which tax credits
3 4 equal to a portion of an equity investment in a qualifying
3 5 business or in a community-based seed capital fund may be
3 6 issued. The tax credits are issued by the Iowa capital
3 7 investment board. Currently, the aggregate amount of tax
3 8 credits issued shall not exceed a total of \$10 million. The
3 9 total amount of tax credits issued during the fiscal year
3 10 beginning July 1, 2002, shall not exceed \$3 million. The
3 11 total amount of tax credits issued during the fiscal year
3 12 beginning July 1, 2003, shall not exceed \$3 million. The
3 13 total amount of tax credits issued during the fiscal year
3 14 beginning July 1, 2004, shall not exceed \$4 million. The bill
3 15 provides that if the total amount of tax credits allowed for a
3 16 particular fiscal year are not issued, any remaining amount
3 17 may be issued in succeeding years. The bill provides that tax
3 18 credits shall not be issued after June 30, 2008.

3 19 LSB 6375YC 80
3 20 tm/sh/8